



National Bank of Kuwait

Investor Presentation

2Q/1H 2022 Earnings Call

Disclaimer

THE INFORMATION SET OUT IN THIS PRESENTATION AND PROVIDED IN THE DISCUSSION SUBSEQUENT THERETO DOES NOT CONSTITUTE AN OFFER OR SOLICITATION OF AN OFFER TO BUY OR SELL SECURITIES. IT IS SOLELY FOR USE AT AN INVESTOR PRESENTATION AND IS PROVIDED AS INFORMATION ONLY. THIS PRESENTATION DOES NOT CONTAIN ALL OF THE INFORMATION THAT IS MATERIAL TO AN INVESTOR. This presentation has been prepared by (and is the sole responsibility of) National Bank of Kuwait S.A.K.P. (the “Bank”).

The information herein may be amended and supplemented and may not as such be relied upon for the purposes of entering into any transaction. This presentation may not be reproduced (in whole or in part), distributed or transmitted to any other person without the Bank's prior written consent.

The information in this presentation and the views reflected therein are those of the Bank and are subject to change without notice. All projections, valuations and statistical analyses are provided to assist the recipient in the evaluation of the matters described herein. They may be based on subjective assessments and assumptions and may use one among alternative methodologies that produce different results and, to the extent that they are based on historical information, they should not be relied upon as an accurate prediction of future performance. These materials are not intended to provide the basis for any recommendation that any investor should subscribe for or purchase any securities.


This presentation does not disclose all the risks and other significant issues related to an investment in any securities/transaction.

Past performance is not indicative of future results. National Bank of Kuwait is under no obligation to update or keep current the information contained herein. No person shall have any right of action against the Bank or any other person in relation to the accuracy or completeness of the information contained in this presentation. No person is authorised to give any information or to make any representation not contained in and not consistent with this presentation, and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Bank.

This presentation does not constitute an offer or an agreement, or a solicitation of an offer or an agreement, to enter into any transaction (including for the provision of any services). No assurance is given that any such transaction can or will be arranged or agreed.

Certain statements in this presentation may constitute forward-looking statements. These statements reflect the Bank's expectations and are subject to risks and uncertainties that may cause actual results to differ materially and may adversely affect the outcome and financial effects of the plans described herein. You are cautioned not to rely on such forward-looking statements. The Bank does not assume any obligation to update its view of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made herein.

Contents

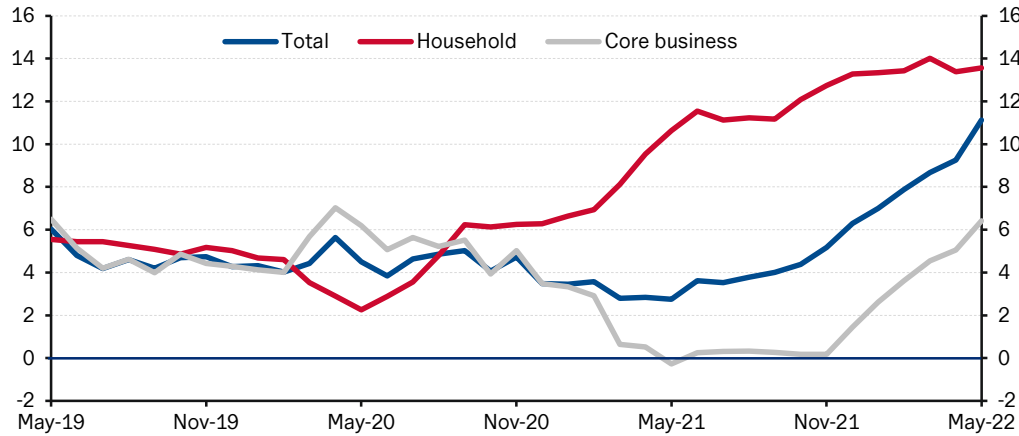


Section 1	Deputy Group CEO Opening Remarks
Section 2	Financial Performance
Section 3	Appendix
Section 4	Questions

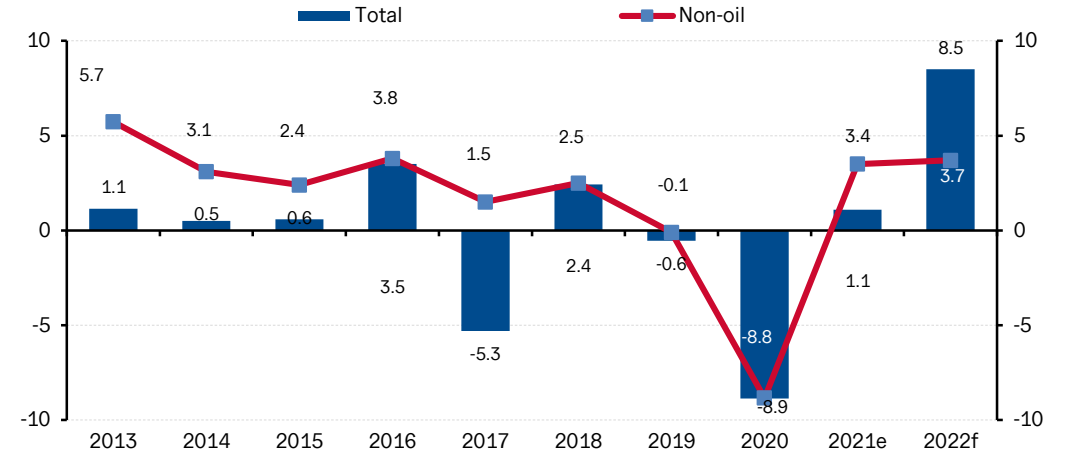


Key Economic Highlights

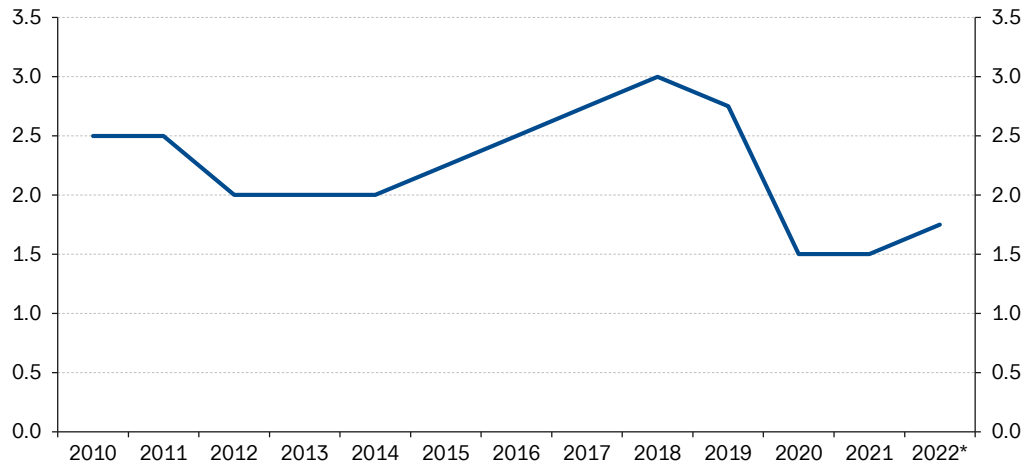
Kuwait Private credit (change, % y/y)



Real GDP (% y/y)



Development of the Discount Rate (%)



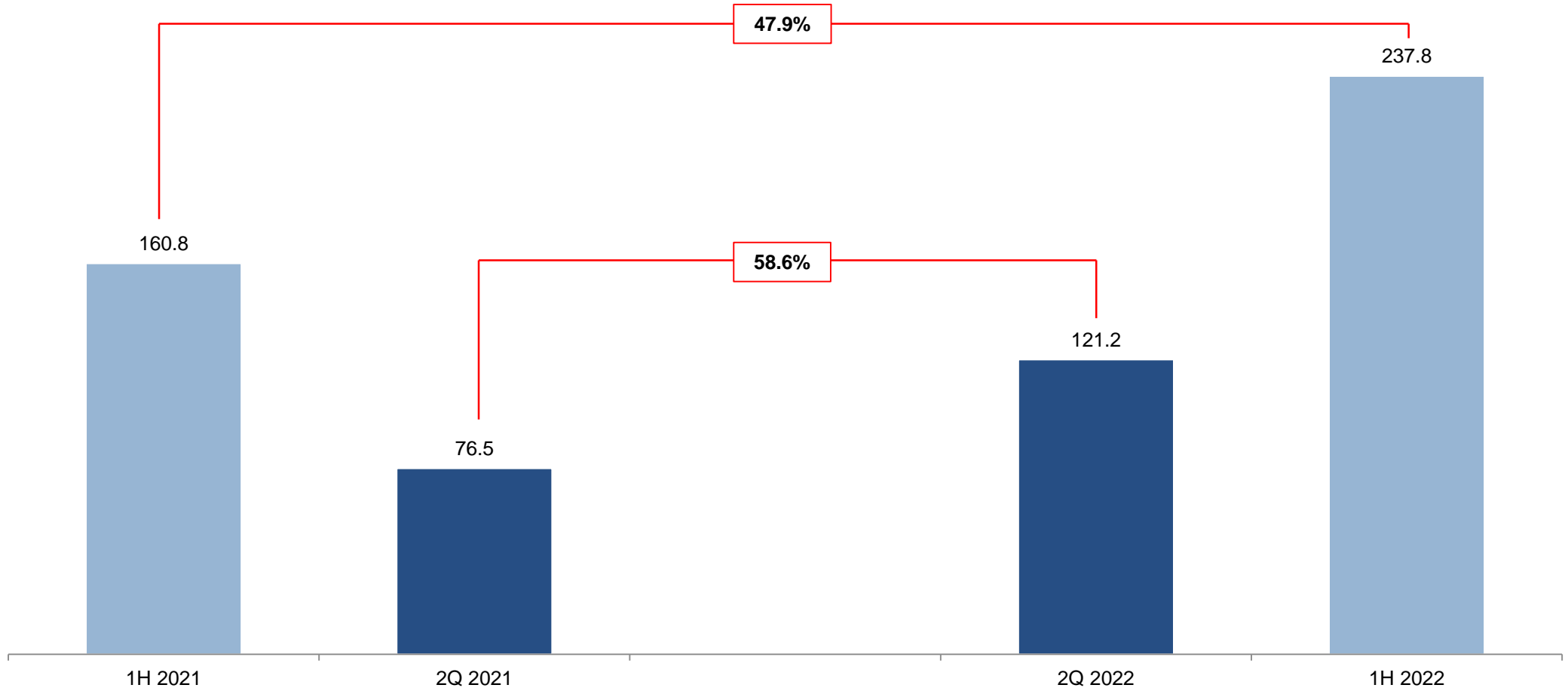
Daily ICE Brent Crude Oil Prices (\$/bbl)





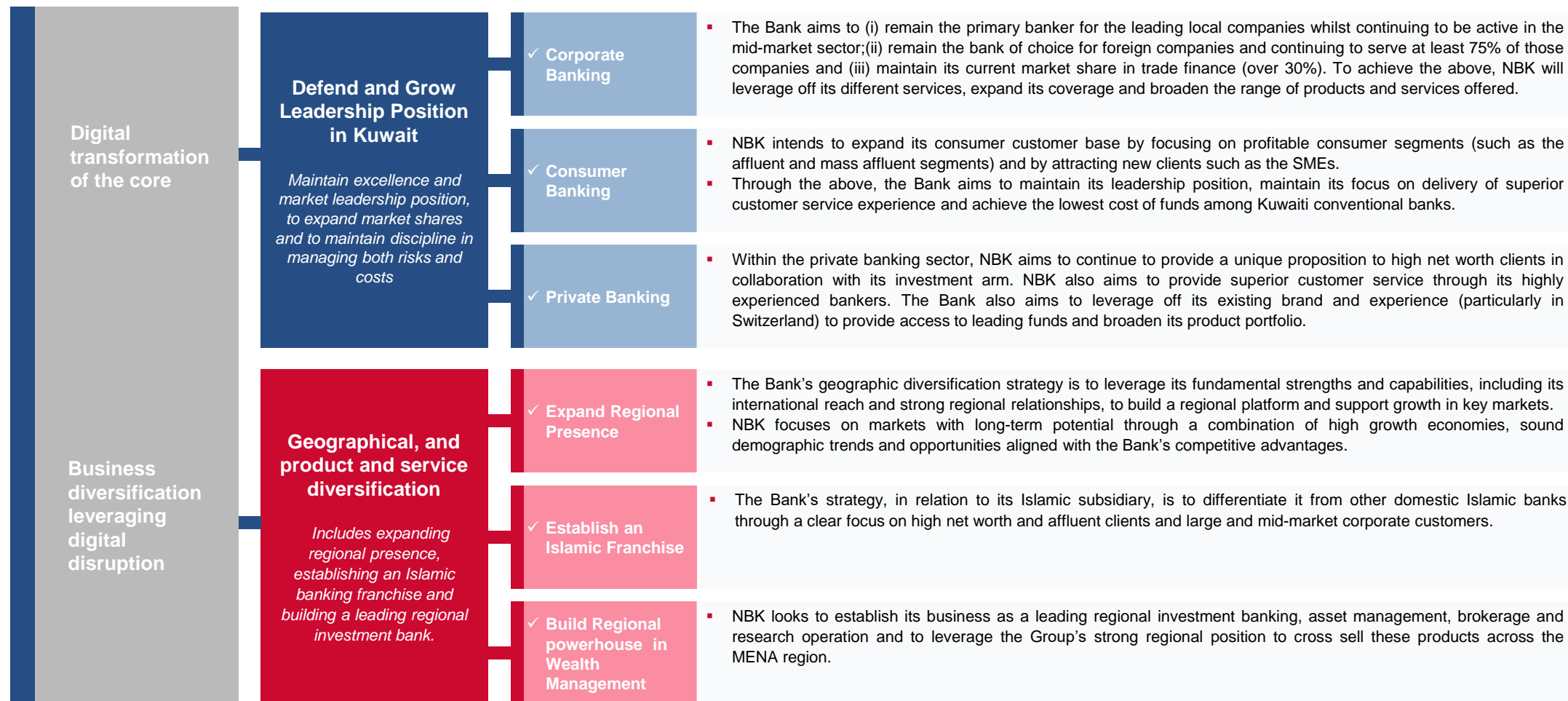
NBK Profitability (KDm)

Net Profit Attributable



NBK's Strategy

The Group's strategy, which is based on two main pillars, focuses on defending and growing its leadership position in Kuwait whilst also diversifying its business





Sustainability is Embedded in NBK's DNA and Strategy...

NBK is deeply committed to our sustainability journey. We view our efforts at improving our sustainability as integral to improving our business performance and enhancing our positive impact in the world

Sustainability Pillars

Contributing to Economic Development

Serving Customers

Leading in Governance

Respecting and Developing People

Giving Back to Our Community

Caring for Our Environment

Key Highlights

74.6%
Kuwaitization Rate

94%
Customer Satisfaction Score


45%
Female Employees

41K
Employee Training Hours

4.3%
Community Investments to Pre Tax Profits

LEED
Gold Certification for New Headquarters Building

Contents

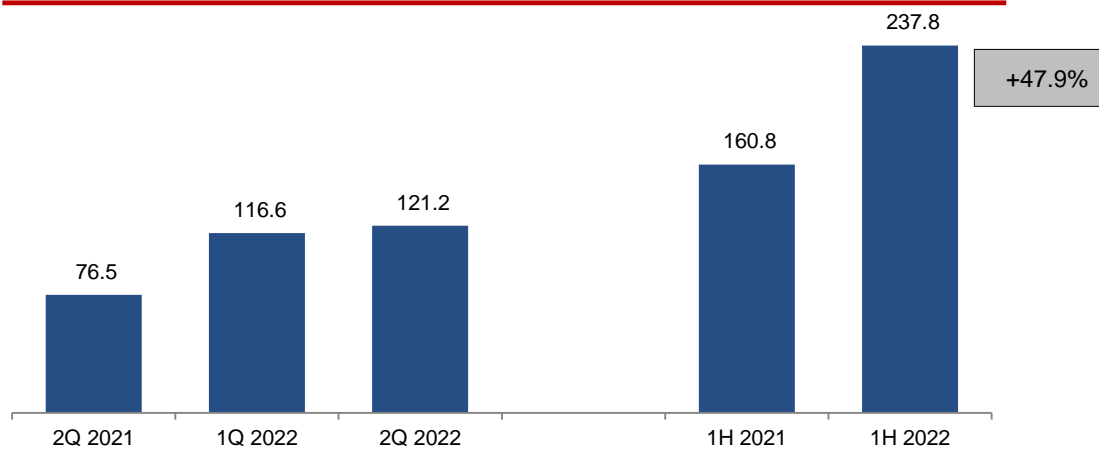


Section 1	Deputy Group CEO Opening Remarks
Section 2	Financial Performance
Section 3	Appendix
Section 4	Questions

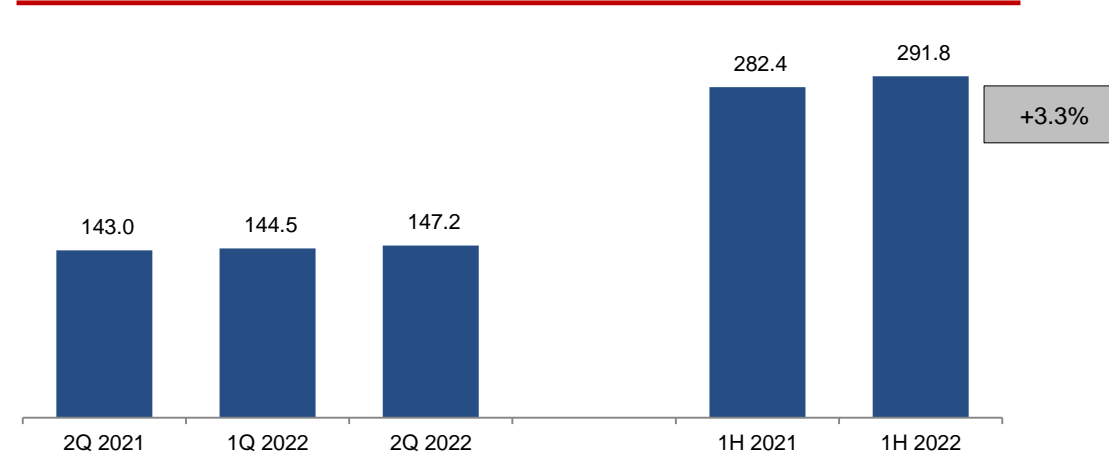


Operating Performance 1H 2022

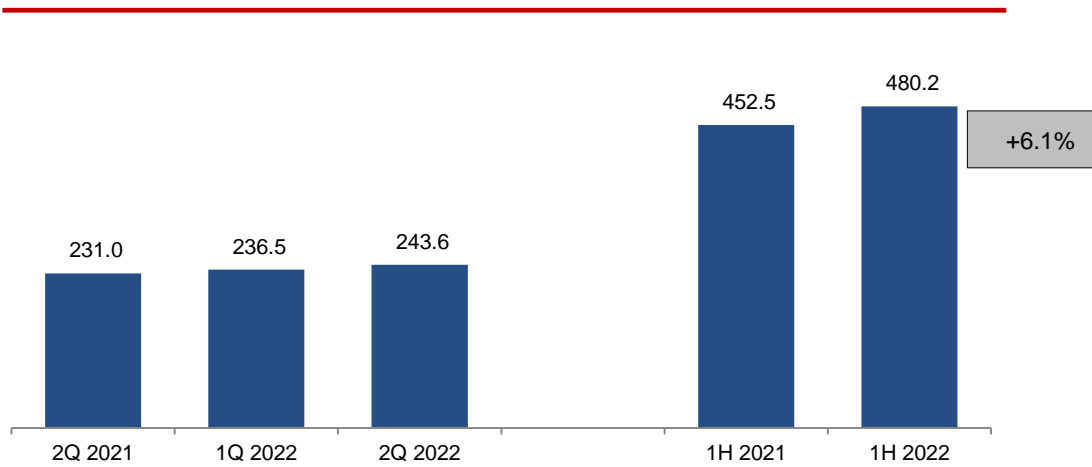
Net Profit (KDm)



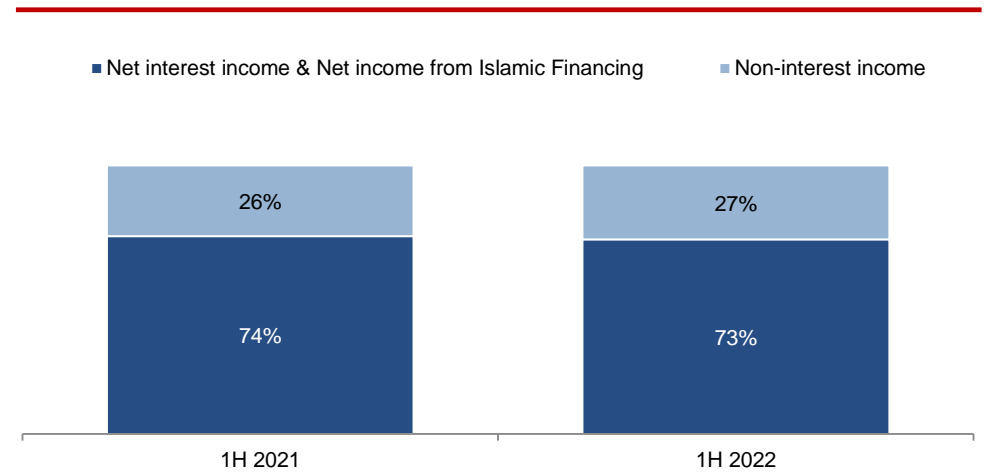
Operating Surplus (KDm)



Operating Income (KDm)



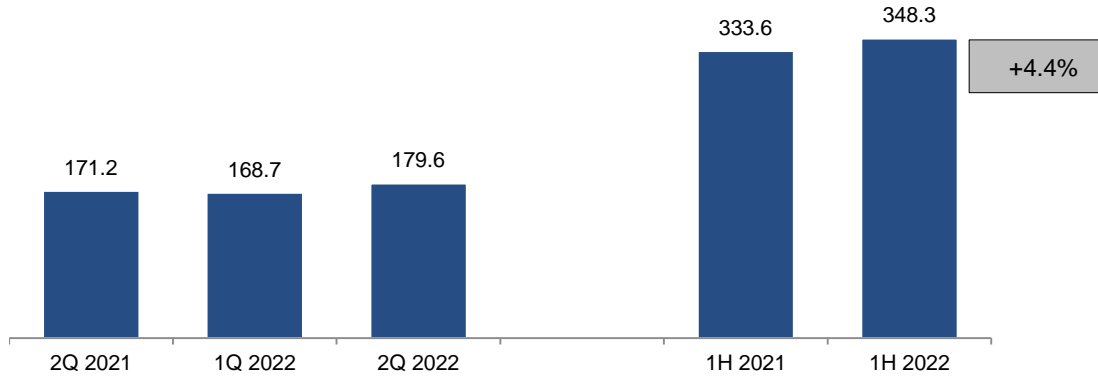
Operating Income



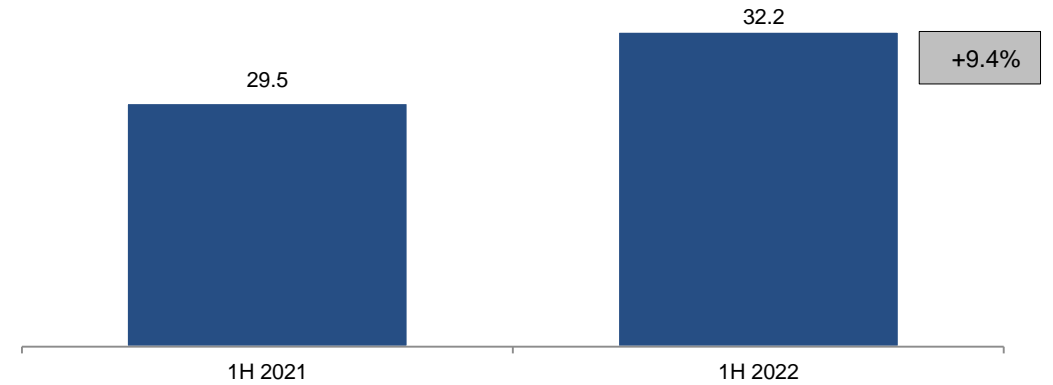


Operating Performance 1H 2022

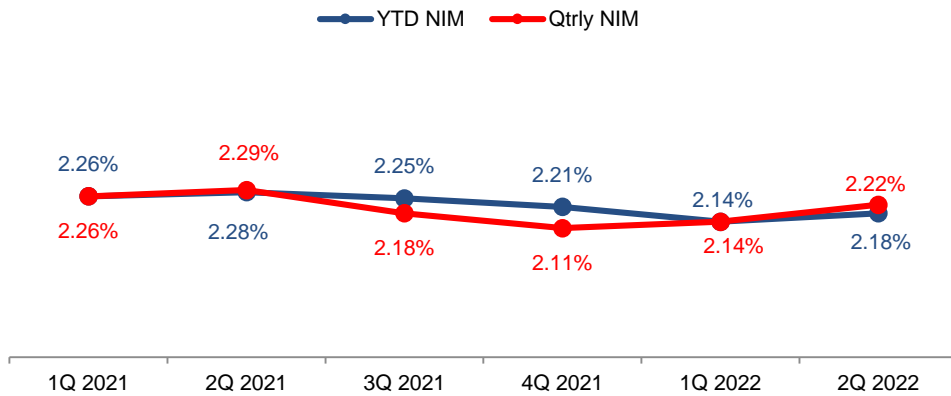
Net Interest Income* (KDm)



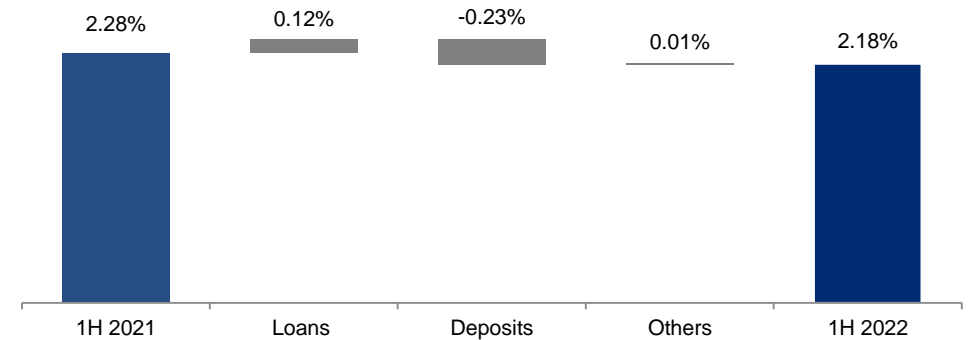
Average Interest Earning Assets (KDbn)



Net Interest Margin*



Net Interest Margin drivers

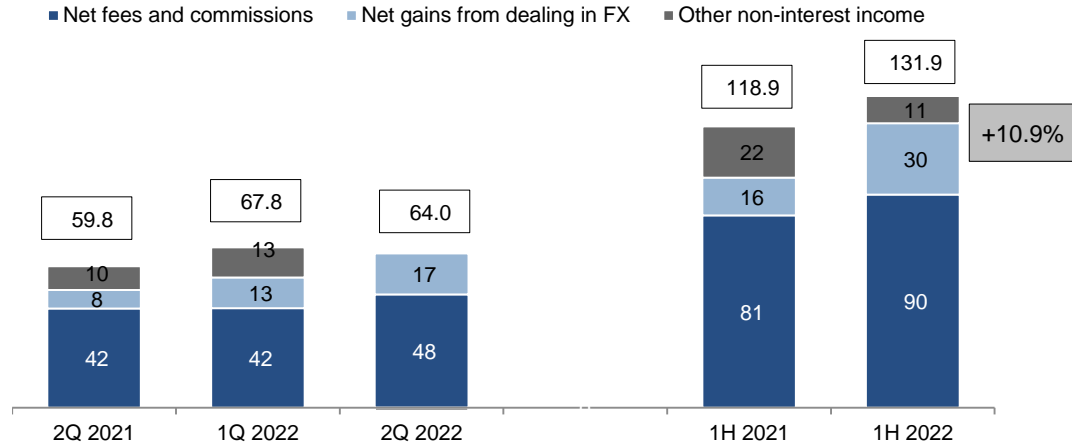


*Includes net interest income and net income from Islamic Financing

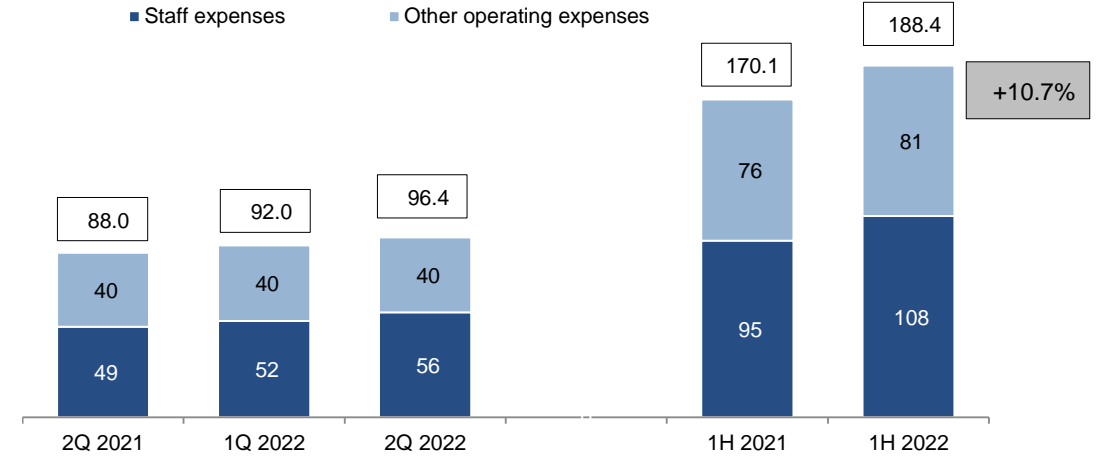


Operating Performance 1H 2022

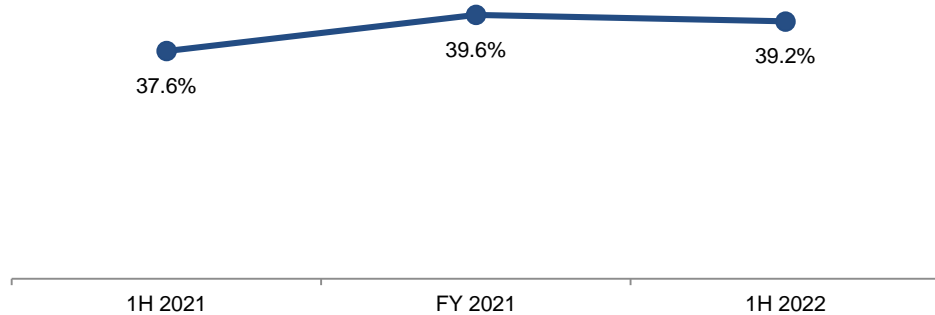
Non-interest income (KDm)



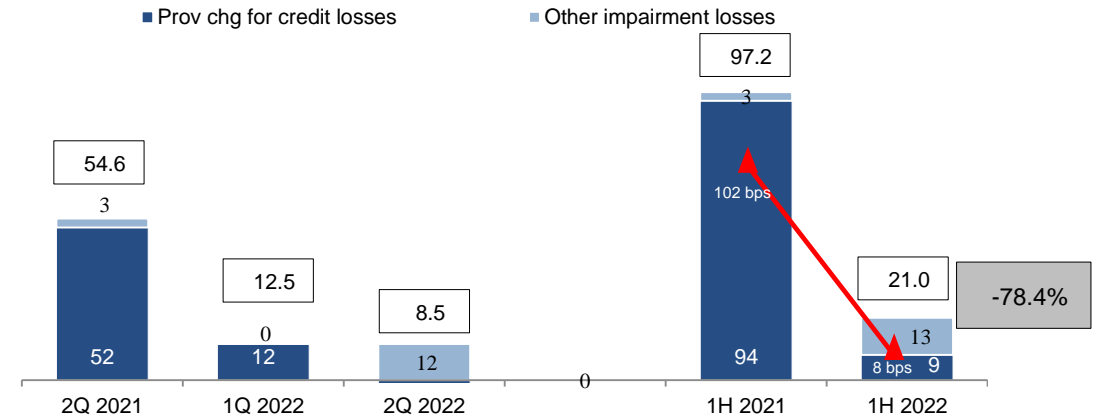
Operating Expenses (KDm)



Cost to Income ratio



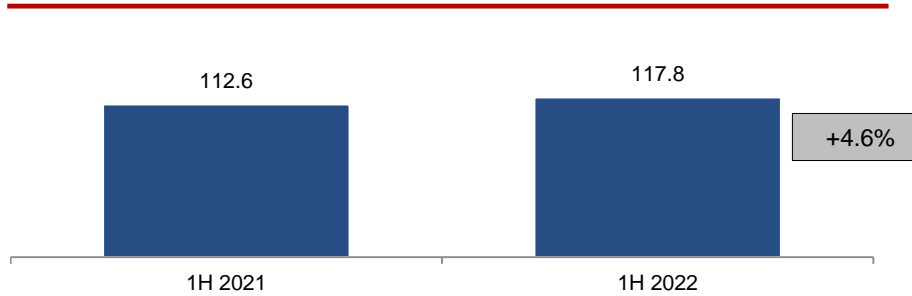
Provisions and Impairments (KDm)



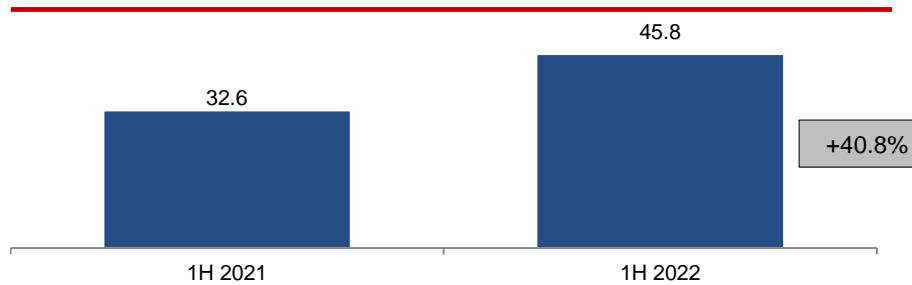


Operating Performance 1H 2022

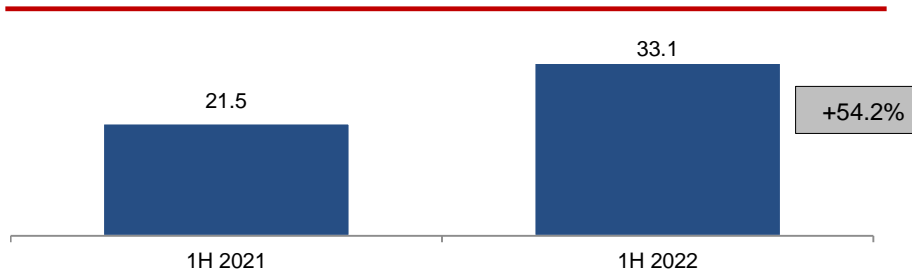
Operating Income (KDm) - International



Net profit (KDm) - International



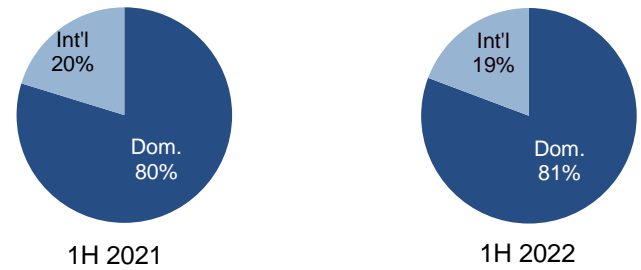
Net profit (KDm) - Boubyan Bank



Operating Income (KDm)



Net Profit (KDm)



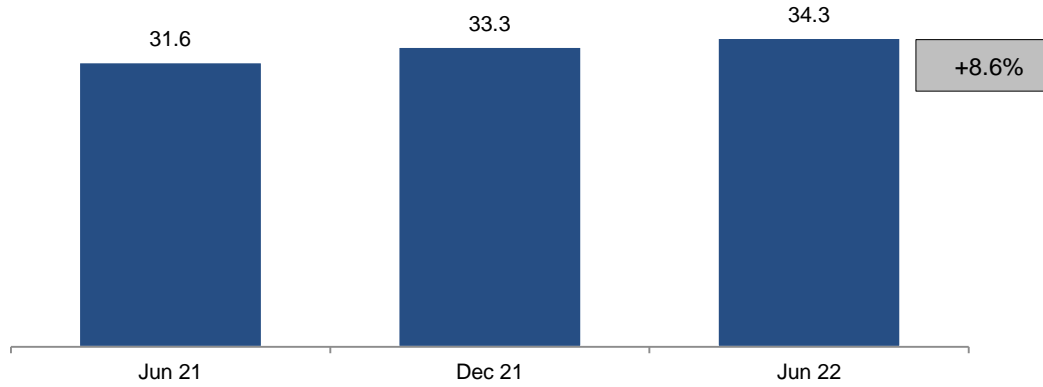
Total Assets (KD'bn)



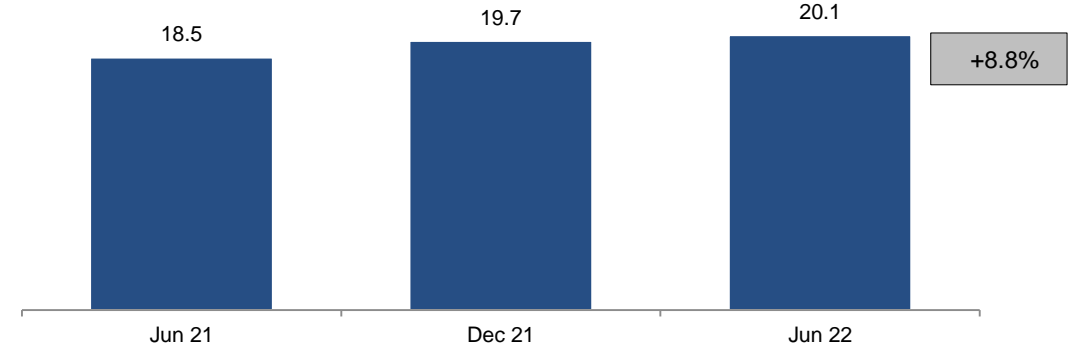


Operating Performance 1H 2022

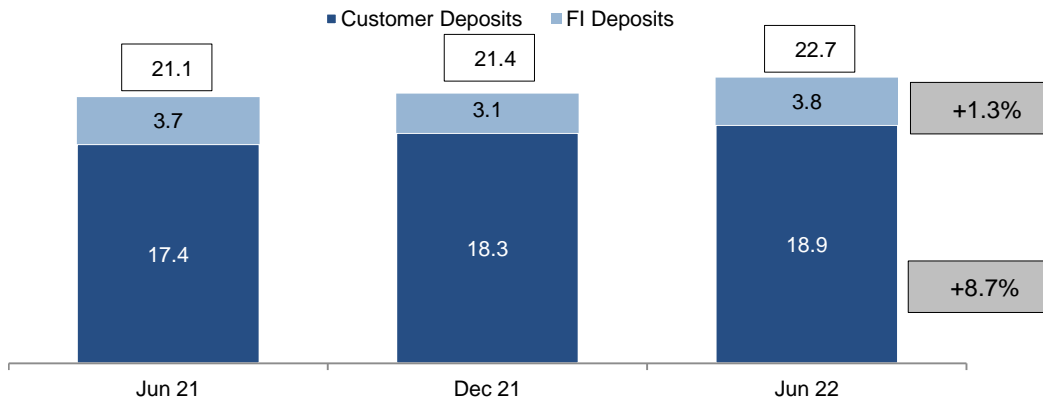
Total Assets (KDbn)



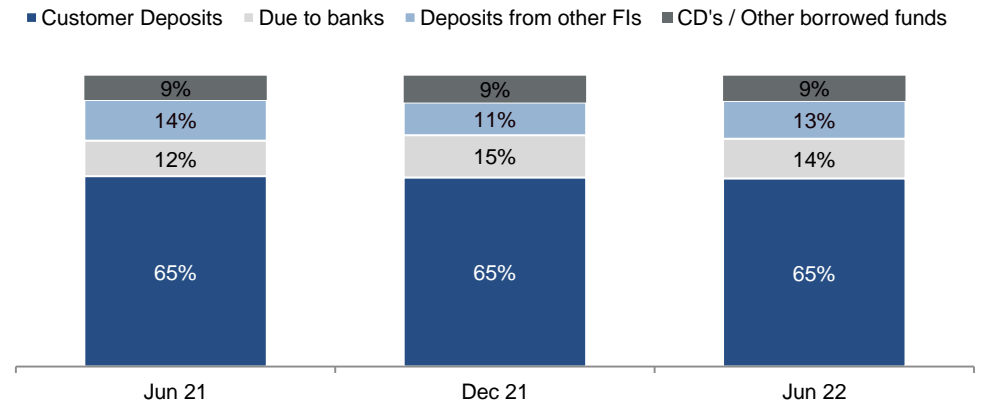
Loans, Advances and Islamic Financing (KDbn)



Customer Deposits & FI Deposits* (KDbn)



Funding Mix

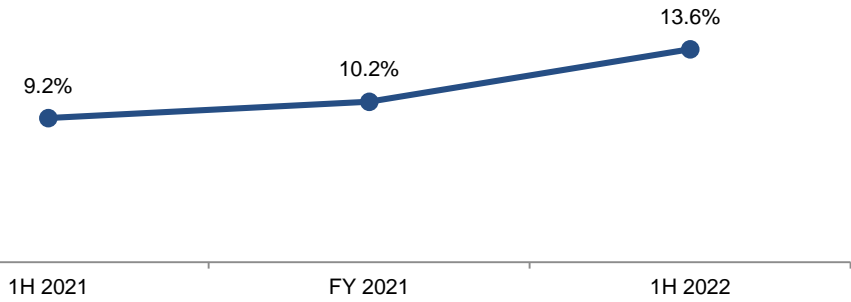


*excludes due to banks

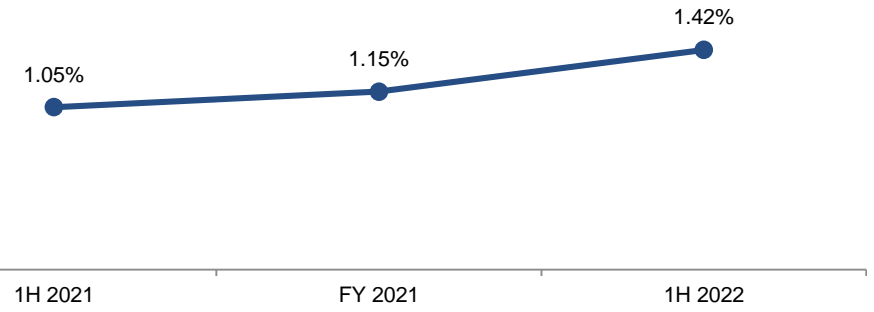


Performance and Asset Quality Ratios 1H 2022

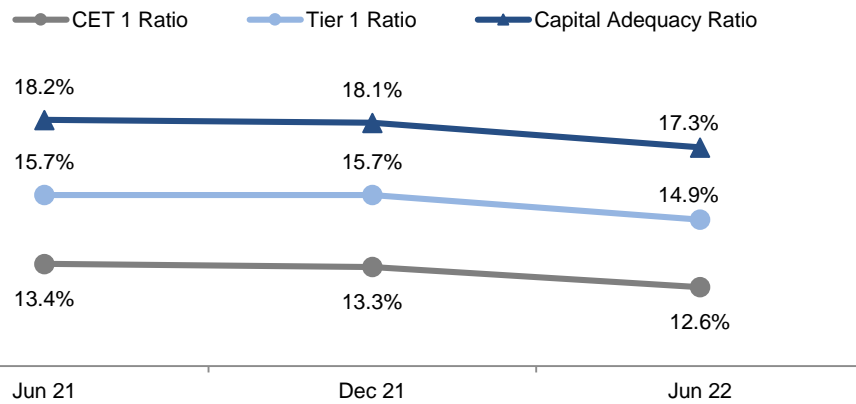
Return on Average Equity



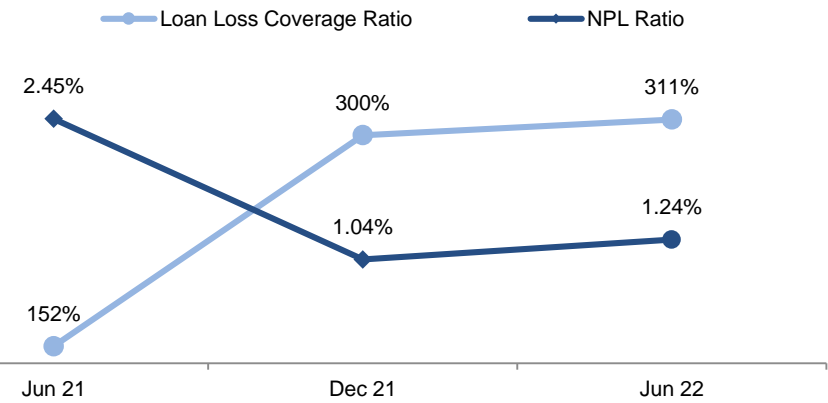
Return on Average Assets



Capital Adequacy Ratios



Asset Quality Ratios



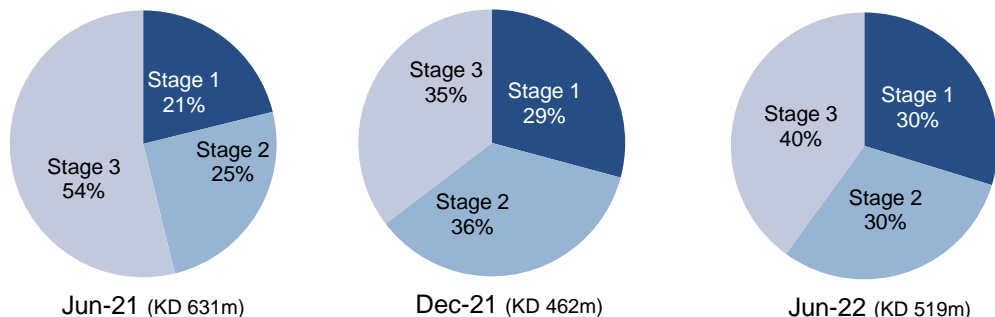


Expected Credit Losses (ECL) 1H 2022

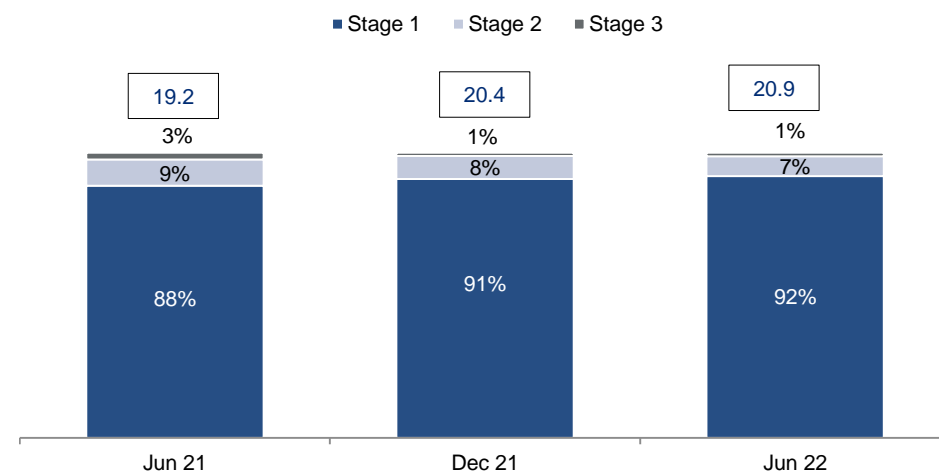
Financial Statements ECL Disclosure (KDm)

30 June 2022	Stage1	Stage 2	Stage 3	Total
Loans, advances and Islamic financing to customers	19,228	1,457	259	20,943
Contingent liabilities	3,940	625	24	4,588
Commitments (revocable and irrevocable) to extend credit	6,914	994	-	7,908
ECL allowance for credit facilities	154	157	208	519

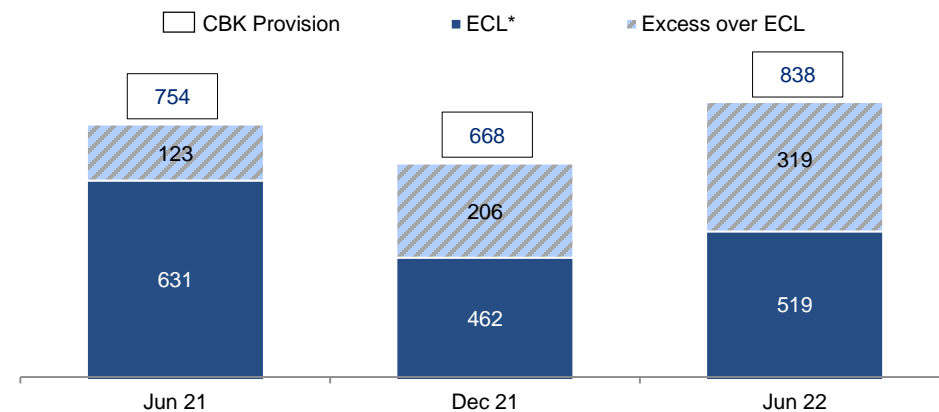
ECL Allowance for Credit Facilities



Total Gross Loans (KDbn)



CBK Credit Provisions vs IFRS 9 ECL (KDm)




* ECLs as per CBK guidelines



2022 Guidance

	1H 2022	2022 Guidance
Loan Growth	+2.1%	High Single Digit
NIM	2.18%	Broadly Stable
Cost to Income ratio	39.2%	Broadly Stable
Cost of Risk	<i>8bps</i>	
Earnings	+47.9%	
Capital Adequacy	17.3 %	

Contents



Section 1	Deputy Group CEO Opening Remarks
Section 2	Financial Performance
Section 3	Appendix
Section 4	Questions



Consolidated Statement Of Income *(KDM)*

<i>KDM</i>	1H 2021	1H 2022	YoY Growth (%)
Interest Income	326	373	14%
Interest Expense	74	113	52%
Net Interest Income	252	260	3%
Murabaha and other Islamic financing income	113	129	14%
Finance cost and Distribution to depositors	31	40	30%
Net Income from Islamic financing	82	89	8%
Net interest income and net income from Islamic financing	334	348	4%
Net fees and commissions	81	90	11%
Net investment income	18	11	(41%)
Net gains from dealing in foreign currencies	16	30	90%
Other operating income	3	1	(75%)
Non-interest income	119	132	11%
Net Operating Income	453	480	6%
Staff expenses	95	108	14%
Other administrative expenses	58	61	5%
Depreciation of premises and equipment	17	19	13%
Amortisation of intangible assets	1	1	0%
Operating Expenses	170	188	11%
Op. profit before provision for credit losses and impairment losses	282	292	3%
Provision charge for credit losses	94	9	(91%)
Impairment losses	3	13	NM
Operating profit before taxation	185	271	46%
Taxation	16	22	34%
Non-controlling interest	8	11	37%
Profit attributable to shareholders of the Bank	161	238	48%



Consolidated Statement Of Financial Position (KDm)


KDm	June 2021	June 2022	YoY Growth %
Cash and short term funds	4,358	5,087	17%
Central Bank of Kuwait bonds	830	848	2%
Kuwait Government treasury bonds	448	267	(40%)
Deposits with banks	1,289	1,169	(9%)
Loans, advances and Islamic financing to customers	18,503	20,138	9%
Investment securities	4,734	5,135	8%
Investment in associates	4	4	(13%)
Land, premises and equipment	440	464	5%
Goodwill and other intangible assets	581	571	(2%)
Other assets	391	601	53%
Total Assets	31,579	34,283	9%
Due to banks	3,242	3,980	23%
Deposits from other financial institutions	3,725	3,773	1%
Customer deposits	17,400	18,921	9%
Certificates of deposit issued	1,401	1,351	(4%)
Other borrowed funds	820	1,201	46%
Other liabilities	729	600	(18%)
Total Liabilities	27,318	29,825	9%
Share capital	719	755	5%
Proposed bonus shares	-	-	-
Statutory reserve	343	360	5%
Share premium account	803	803	0%
Treasury share reserve	35	35	0%
Other reserves	1,444	1,501	4%
Equity attributable to shareholders of the bank	3,344	3,454	3%
Perpetual Tier 1 Capital Securities	439	439	0%
Non-controlling interests	477	565	18%
Total equity	4,260	4,458	5%
Total liabilities and equity	31,579	34,283	9%



Performance Measures 1H 2022

	June 2021	June 2022
Return on average assets	1.05%	1.42%
Return on average equity	9.2%	13.6%
Net interest margin	2.28%	2.18%
Cost to income	37.6%	39.2%
NPLs to gross loans	2.45%	1.24%
Loan loss reserves to NPLs	152%	311%
Tier 1 capital	15.7%	14.9%
Tier 2 capital	2.5%	2.4%
Capital adequacy ratio	18.2%	17.3%

Contents



Section 1	Deputy Group CEO Opening Remarks
Section 2	Financial Performance
Section 3	Appendix
Section 4	Questions



Questions?



Thank You



National Bank of Kuwait

Investor Presentation

2Q/1H 2022 Earnings Call